

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4396-04
Bill No.: HCS for SB 795
Subject: Agriculture and Animals
Type: Original
Date: April 19, 2010

Bill Summary: This proposal is the omnibus animals and agriculture bill.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|---------------------------------|---------------------------------|---------------------------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| General Revenue | (\$1,459,889 to Unknown) | \$1,248,166 to (Unknown) | \$1,425,264 to (Unknown) |
| Total Estimated Net Effect on General Revenue | (\$1,459,889 to Unknown) | \$1,248,166 to (Unknown) | \$1,425,264 to (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-------------------------------|----------------------------|------------------------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Agriculture Protection | \$2,440,848 | (\$11,010) | (\$192,236) |
| Horse Meat and Product | \$0 | \$0 | \$0 |
| Animal Health | Unknown | Unknown | Unknown |
| Animal Care Reserve | \$95,000 | \$95,000 | \$95,000 |
| Farm to Institution Initiative | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$2,535,848 to Unknown | \$83,990 to Unknown | (\$97,236) to Unknown |

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 24 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| General Revenue | -91 | -91 | -91 |
| Agriculture Protection | 93 | 93 | 93 |
| Total Estimated Net Effect on FTE | 2 | 2 | 2 |

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|------------------|------------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Local Government | Unknown | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Attorney General (AGO)** state Section 265.742 of the proposal states that the AGO or the prosecuting attorney shall institute prosecutions for violations of the new provisions regarding sale of horse meat food products. The prosecutions must be brought where the defendant resides, the business is located or the violation occurred. AGO assumes that there would be some referrals of violations, and some travel involved to the appropriate circuit court. Consequently, AGO assumes that it would need 1 AAG to adequately prosecute referrals of violations, which are a class A misdemeanor or class D felony.

Section 270.260 of the proposal creates administrative and criminal penalties for knowingly releasing swine to live in a feral state on public or private land. AGO assumes that referrals would be minimal, and that costs could be absorbed with existing resources. If multiple cases result, AGO may seek an additional future appropriation.

Sections 578.600 to 578.624 create the Large Carnivore Act, with criminal penalties. AGO assumes that it would not be handling any such prosecutions. The Act also provides for the revocation of a class C license under certain conditions. AGO assumes that it may handle such referrals, but assumes that the number of cases would be minimal and that costs could be absorbed with existing resources.

In response to a similar proposal from this year regarding Horse Meat (HB 1747), the AGO assumed that any potential costs could be absorbed with existing resources, but could request an additional appropriation if there is an increase in cases over time. Therefore, **Oversight** assumes the AGO could institute prosecution proceedings, for the few cases regarding horse meat that is brought to their attention, with existing resources.

Officials from the **Department of Mental Health (DMH)** state the proposed legislation establishes an initiative to increase access to locally grown agricultural food products. The proposed legislation includes certain goals to increase the total percentage of locally produced food purchased by state institutions. It also encourages state food contracts to include a plan to maximize the purchase of locally grown food. The majority of food products for the Department of Mental Health facilities are purchased from state contracts. State contracted foodservice vendors generally have favorable pricing from their national suppliers. Depending on how the legislation is implemented and which specific food products are included in the program, there would be a potential for price increases for some products. The amount of the fiscal impact is unknown; however, it would likely be a cost less than \$100,000.

ASSUMPTION (continued)

Officials from the **Office of Administration - Budget and Planning** state the measure will affect receipts and expenditures for General Revenue and other state funds, as well as 18e and TSR calculations.

Officials from the **Department of Elementary and Secondary Education (DESE)** state section 261.328.4(1)(d) encourages state food contracts to include a plan to maximize the purchase of locally grown food. Sections 261.328.4(2), (3), & (4) require the departments of agriculture, elementary and secondary education, health and senior services, corrections, mental health, and economic development to facilitate workshops, training sessions, and technical assistance; assist schools in developing and implementing nutrition educational curricula; and promote development of school gardens. Sections 261.328.6 requires the department of agriculture to collaborate with the departments of elementary and secondary education, health and senior services, corrections, mental health, and economic development to jointly administer a process to review grant proposals and award grants on a competitive bid basis.

Costs to the state depend on the extent to which DESE collaborates with the other departments to carry out the requirements of this proposal. Facilitating workshops, training sessions, and technical assistance; and administering a process to review grant proposals and award grants will likely lead to significant costs for the department as well as the need for additional FTE. Costs to local school districts depend on the extent to which districts become involved in terms of developing gardens and meeting the suggested procurement goals. Depending upon the circumstances, purchasing of food locally could be more expensive or less expensive than purchasing from a distributor. Therefore, costs at the state and local level cannot be estimated.

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Transportation, Department of Natural Resources, Department of Revenue, Department of Economic Development - Tourism; Department of Public Safety - Missouri Highway Patrol** and the **Department of Conservation** each assume the proposal would not have a fiscal impact on their respective agencies.

Officials from the **University of Missouri** assume the proposal would not have a fiscal impact on their university beyond the time expended by representatives of the University of Missouri serving on various committees.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Division of Fire Safety (DPS-FS)** state they currently administer the Explosives and Blast Safety program, as discussed in the proposal. DPS-FS states this legislation adds individuals using explosives along with a well screen cleaning device to unblock clogged agriculture irrigation well screens to the list of individuals who are exempt from obtaining a blaster's license. This change will not fiscally impact their Division.

Officials from the **Department of Corrections (DOC)** state penalty provisions, the component of the bill to have potential fiscal impact for DOC, is for up to a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court. If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY09 average of \$16.04 per offender, per day, or an annual cost of \$5,855 per inmate) or through supervision provided by the Board of Probation and Parole (FY09 average of \$3.71 per offender, per day or an annual cost of \$1,354 per offender).

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be

ASSUMPTION (continued)

passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state this bill opens up alcohol beverage tastings in the State of Missouri (Section 311.297). There will be a large proliferation of samplings occurring in the approximately 12,000 licensed locations that will be eligible to have tastings on their premises. The Division will need one Agent to oversee that tastings are conducted in accordance with the regulations and one Senior Auditor/Agent to work on the trade practice issues as a result of wineries, distillers, brewers, manufacturers and wholesalers being allowed to furnish services to retailers.

This bill allows retailers with an original package tasting license, domestic wineries and sales by-the-drink establishments to conduct samplings and allows the winery, distiller, manufacturer, wholesaler, or brewer to provide, furnish or pour alcoholic beverages on a retail licensed premise. In order to ascertain that retailers are being provided only what is allowed in this bill, and not being provided direct or indirect financial interest as disallowed in Section 311.070, RSMo, the Division will need to routinely inspect and investigate these events. Trade practice issues, which have increasingly become problematic in the State, have the potential to become worse with the top two tiers of the liquor industry (manufacturers and wholesalers) being able to provide services and possible financial incentives to the third tier (retailers). To properly oversee enforcement, the Division will need one Agent and one Senior Auditor/Agent.

In summary, the ATC assumes a cost to the General Revenue Fund of roughly \$150,000 each year as a result of this proposal, which includes two vehicles purchased in the first fiscal year.

Oversight assumes the ATC will need the additional Agent to conduct inspections and investigations; however, Oversight assumes the ATC will not require an additional FTE Senior Auditor to work on trade practice issues related to this proposal.

Oversight has, for fiscal note purposes only, changed the starting salary for ATC's Agent to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** also state, regarding changes to Section 311.550, that the \$0.30 that is currently collected by ATC as

ASSUMPTION (continued)

excise taxes on wine and deposited into the General Revenue Fund would now be deposited to the credit of the Agriculture Protection Fund created under Section 261.200 to be used solely for agriculture business development and marketing-related functions of the Department of Agriculture. This would be a negative impact on General Revenue in the amount of \$3.3 million and a corresponding positive impact to the new fund.

Oversight assumes Section 226.1220 permits the Department of Transportation to allow persons or entities to submit bids to mow grass or vegetation along state roadways. Oversight assumes this part of the proposal is permissive to MoDOT, and therefore, will not have a direct fiscal impact to the state.

Officials from the **Department of Agriculture (AGR)** had the following responses to various parts of the bill:

Sections 196.316, 261.200, 281.260 & 311.550 - AGR assumes increased fee revenues will allow the department to replace about one half of the General Revenue funding currently required to operate department programs, including pesticide related programs such as Pesticide Control, Plant Pest Control, and Integrated Pest Management. The current GR cost of these programs is \$1,691,603. Increased revenues under this legislation would total \$6,908,747, which would provide approximately 50 percent of the FY 09 GR funding levels for all department GR funded programs.

It is anticipated that we would receive 11,000 label registration applications at \$150 each. This would generate \$1,650,000 in revenue, in addition to the late fee increase which is estimated to generate \$5,200 ($104 * \50). Total estimated revenue equals \$1,655,200 from increases in both the registration and late fees. The current amount of \$15 for registration fee and \$5 for the late fee would still be deposited into the fee fund to cover approximately 88 percent of the current program expenses.

In CY 2009 there was 11,240,883 gallons of wine sold in Missouri. Thirty cents per gallon of wine sold equals \$3,372,265 of revenue in CY 2009. This income level is assumed to remain constant in this analysis.

In FY 2009 the Department of Agriculture collected \$2,046,802 in program fees that were deposited into General Revenue. This level of income is assumed to remain constant.

ASSUMPTION (continued)

Since pesticide registration fees are not due until December 31 of each year, and since a fee fund balance is necessary to ensure cash flow needs of the agency, this analysis assumes GR would be needed to pay all program costs for the first half of Fiscal Year 2011.

| | <u>Ag Protection Fund</u> | <u>General Revenue</u> | <u>Net Change</u> |
|-----------------------------|---------------------------|------------------------|-------------------|
| New Pesticide Revenues = | \$1,655,200 | (\$165,520) | \$1,489,680 |
| Wine revenues @ \$.30/gal = | \$3,372,265 | (\$3,372,265) | \$0 |
| FY09 GR program fees = | \$2,046,802 | (\$2,046,802) | \$0 |
| | ----- | ----- | ----- |
| Total Revenues | | | |
| Ag Protection Fund = | \$7,074,267 | (\$5,584,587) | \$1,489,680 |

Sections 261.325 & 261.328 (Farm to Institution Initiatives) - AGR states this part of the proposed legislation requires the Ag Business Development (ABD) to administer all operations of the Missouri Farm to Institution Program and coordinate with other agencies to promulgate rules and promote economic and health benefits. Additionally, ABD will develop a request for proposal (RFP) for grants to be awarded to eligible participants to implement the farm to institution program.

Section 262.880 (Urban Task Force) - AGR assumes the Director of the Department of Agriculture shall serve as chair of the task force. The AGR also assumes 15 task force members * \$100 per meeting expenses * 3 meetings = \$4,500 for FY 11. Print report of findings and recommendations = \$250. Total cost of \$4,750.

Sections 267.700 - 267.754 (Horse Meat) - This legislation requires AGR to issue a certificate of registration, upon payment of an annual registration fee of \$50 and an annual inspection fee to cover the costs of inspection based on the number of horses processed. AGR assumes there will be one horse slaughter facility that operates in the state which will process approximately 2,000 horses annually. The department also assumes there will be no retail sales of horse meat products. The director of the department of agriculture will be required to promulgate rules for the implementation and enforcement of this proposed legislation.

The department is also required to use the revenues generated by the registration and inspection fees to pay for USDA inspection of horse meat products and horse meat processing facilities.

ASSUMPTION (continued)

2,000 horses * \$50 per horse inspection fee = \$100,000 revenue to the Horse Meat Product Fund.
All revenues will be paid to USDA for federal inspections.

Sections 270.260 - 270.400 - AGR assume this legislation will require the department of agriculture to promulgate rules and regulations for fencing and health standards for Russian and European wild boar and wild-caught swine held alive on private land, create a database to maintain records on permits issued on owners of the animals mentioned in this legislation. The department would be required to work with local authorities and other state agencies as situations arise involving said animals. This agency feels that the proposed legislation would require additional staff to provide adequate implementation of the proposed legislation and any costs to implementing this legislation would fall under General Revenue because the amount of funds from the permits issued is unknown.

To implement the provisions of the proposed legislation, AGR assumes that the following FTE's would be required to begin carrying out the provisions of the proposed legislation:

2.00 Animal Health Officers – responsible for enforcement of state and federal animal health statutes and regulations. Conduct investigations of alleged violations of the proposed legislation. Work with program participants, general public, law enforcement agencies, other state agencies and states concerning program issues as well as illegal activities.

As noted, to carry out the responsibility of this proposed legislation there will be program costs for travel, training, vehicles, office/field supplies and vehicles. These figures would be driven by the number of new positions authorized and the scope of the program's responsibilities.

General Revenue will be needed to cover all program costs during the first year of operation (FY11). Fees and penalties are expected to be able to pick up one-third of the program costs in the second and succeeding fiscal years. In summary, for this part of the proposal, AGR assumes a total cost to the General Revenue fund of \$143,939 in FY 2011, \$85,029 in FY 2012 and \$87,271 in FY 2013.

Oversight assumes the Department of Agriculture could absorb the cost of these FTE within their current appropriation level. If fees and penalties increase the need for additional personnel, the Department of Agriculture could request funding through the appropriation process.

ASSUMPTION (continued)

Section 267.810 - AGR assumes the Missouri Animal Care Advisory Committee is expected to meet twice in the first year (FY11) and to reimburse each of its 18 members and estimated \$100 per meeting for travel expenses.

Therefore, estimated FY11 costs = 18 members x 2 meetings in FY 11 x \$100 per meeting = \$3,600 General Revenue in FY11.

The committee shall review national species specific animal care guidelines once every 5 years so no additional costs would be incurred until FY16.

Sections 273.327 - 273.329 - (Animal Shelters) - Officials from AGR assume this part of the proposal would generate additional funding for the Animal Care reserve Fund by requiring the animal shelters to pay the \$100 license fee plus the per capita fee of \$1 for every animal sold, traded, bartered, brokered, adopted out or given away, up to a maximum of five hundred dollars (\$500).

Number of estimated additional facilities required to pay the licensing fee by this proposed legislation: $336 \times \$100 = \$33,600$.

Number of estimated animals sold, traded, bartered, brokered, adopted out or given away through the additional facilities required to pay the licensing fee by this proposed legislation: $61,400 \times \$1 = \$61,400$. Per capita figures reported to the Missouri Department of Agriculture indicate that the shelters would have to pay between \$60,000 and \$65,000 for dogs adopted out under the \$500 cap.

Estimated additional funds to be deposited in the Animal Care Reserve Fund = \$95,000. Since this fee funding will be used to replace a portion of the GR currently used to operate the program, there is no net fiscal impact from this bill.

Sections 578.600 - 578.624 - (Large Carnivore) AGR states this legislation will require their department to promulgate rules and regulations for the possession of "large carnivore", create a database to maintain records on permits issued, identify and register a list of available qualified veterinarians who have applied for and been approved to be included in the registry, inspection on the facilities as well as follow up on an unknown number of inquires concerning activity involving these animals throughout the state. The department would be required to work with local authorities, humane societies, other state agencies and other states as situations arise

ASSUMPTION (continued)

involving said animals. This agency feels that the proposed legislation would require additional staff to provide adequate implementation of the proposed legislation and any costs to implementing this legislation would fall under General Revenue because the amount of funds from the permits issued is unknown.

The department of agriculture does not currently deal with wildlife or wild animals as described. The department of agriculture personnel does not have law enforcement authority as do the department of conservation and local peace officers.

To implement the provisions of the proposed legislation, AGR assumes that the following FTEs would be required to begin carrying out the provisions of the proposed legislation:

1.00 Veterinarian/Program Coordinator - responsible for development, coordination and implementation of the proposed legislation. Develop and implement program guidelines and operating procedures, review applications, and determine eligibility for permits, interpreting and explaining state/federal statutes and regulations, respond to inquiries from program participants, general public, humane societies, law enforcement agencies, other state agencies and other states. This position would be required to travel to meet with local and county authorities concerning provisions of this proposed legislation.

1.00 Office Support Assistant - serve as support to the program coordinator. Assist with the development of program forms, database, issuance of permit and annual renewal process and procedures. Direct program participants and general public to proper destinations; received and distribute program information. Schedule and arrange appointments, travel reservations and provide other duties as assigned.

2.00 Animal Health Officers - responsible for the enforcement of state and federal animal health statutes and regulations. Conduct investigations of alleged violations of the proposed legislation. Work with program participants, general public, humane societies, law enforcement agencies, other state agencies and states concerning program issues as well as illegal activities.

As noted on the attached fiscal worksheet to carry out the responsibility of this proposed legislation there will be program costs for travel, training, vehicles, office/field supplies and vehicles. These figures would be driven by the number of new positions authorized and the scope of the program's responsibilities. In summary, AGR assumes a cost of \$306,316 in FY 2011, \$366,286 in FY 2012 and \$377,273 in FY 2013 for this part of the proposal.

ASSUMPTION (continued)

Oversight assumes this part of the proposal would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

In response to a similar proposal, HB 1833 (4101-05), officials from the **Francis Howell School District (FHSD)** assume the use of locally grown food requires more preparation time than USDA commodities or other pre-prepared food items. FHSD officials assume that at full implementation, the proposed legislation would require the addition of one 4-hour staff person for each of the district cafeterias. The total fiscal impact for a year would be \$129,600.

In response to a similar proposal from this year (HCS for HB 2102), officials from the **Missouri Veterans Commission (VET)**, state there is a mandatory statewide contract titled Food Service (Prime Vendor) awarded to US Food Service by the Division of Purchasing-Materials and Management. A portion of this contract includes the terms and conditions of the state of Missouri that designates certain preferences:

PREFERENCES:

- a. In the evaluation of proposals, preferences shall be applied in accordance with Chapter 34 RSMo. Contractors should apply same preferences in selecting subcontractors.
- b. By virtue of statutory authority, a preference will be given to materials, products, supplies, provisions and all other articles produced, manufactured, made or grown within the State of Missouri and to all firms, corporations or individuals doing business as Missouri firms, corporations or individuals. Such preference shall be given when quality is equal or better and delivered price is the same or less.
- c. In accordance with Executive Order 05-30, contractors are encouraged to utilize certified minority and women-owned businesses in selecting subcontractors.
- d. In the evaluation of proposals, a service-disabled Veteran business preference shall be applied in accordance with §34.074 RSMo.

The Missouri Veterans Commission utilizes a vendor who is based in Missouri. The vast majority of their food comes from this one vendor, and they do not have access to or control of the origin of the raw foods, which may or may not already be originating in Missouri already.

Without knowing the future prices of raw foods or farm grown fruits and vegetables, VET could not quantify the positive or negative financial impacts.

ASSUMPTION (continued)

In response to a similar proposal, HB 1833 (4101-05), officials from the **Office of Administration - Division of Purchasing and Materials Management (DPMM)** state their agency would have to establish procedures to implement the percentage price preference. They would also have to amend state institution cafeteria procurement regulations to incorporate the requirements of §261.328.4 which involved state food contract plans to maximize the purchase of locally grown food. DPMM assigned no fiscal cost to these changes.

DPMM states that in some cases, this proposal may increase the price of contract items in order to meet the locally grown food requirements.

Officials from the **Office of the State Treasurer, Department of Health and Senior Services, Office of Prosecution Services**, and the **Office of the State Public Defender** did not respond to our request for fiscal impact.

This proposal could increase Total State Revenues (Section 281.260).

| <u>FISCAL IMPACT - State Government</u> | FY 2011 (10 Mo.) | FY 2012 | FY 2013 |
|---|---------------------|--------------------|--------------------|
| GENERAL REVENUE | | | |
| <u>Savings</u> - AGR - 93 FTE transferred to the Agriculture Protection Fund) | | | |
| Salaries (93 FTE) | \$1,838,847 | \$3,788,028 | \$3,901,666 |
| Fringe Benefits | \$1,103,308 | \$2,272,815 | \$2,341,000 |
| Expense and Equipment | <u>\$512,219</u> | <u>\$1,024,437</u> | <u>\$1,024,437</u> |
| <u>Total Savings</u> | \$3,454,374 | \$7,085,280 | \$7,267,103 |
| <u>Loss</u> - various sections - Program fees to the Department of Agriculture that now go to the Agriculture Protection Fund | (\$1,705,668) | (\$2,046,802) | (\$2,046,802) |
| <u>Loss</u> - Section 281.260 - Pesticide fees now going to Agriculture Protection Fund | (\$137,933) | (\$165,520) | (\$165,520) |

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2011 (10 Mo.) | FY 2012 | FY 2013 |
|---|---------------------|------------------|------------------|
| <u>Costs - AGR (Sections 261.325 - 261.328)</u> | | | |
| Personal Service (1 FTE) | (\$44,204) | (\$54,636) | (\$56,275) |
| Fringe Benefits | (\$23,181) | (\$28,651) | (\$29,511) |
| Expense and Equipment | <u>(\$12,775)</u> | <u>(\$8,601)</u> | <u>(\$8,858)</u> |
| <u>Total Costs - AGR</u> | (\$80,160) | (\$91,888) | (\$94,644) |
| <u>Costs - AGR - Program funding for "Farm to Institution Initiative" (Sections 261.325 - 261.328)</u> | (Unknown) | (Unknown) | (Unknown) |
| <u>Costs - Various state agencies - program costs for "Farm to Institution Initiative" (Sections 261.325 - 261.328)</u> | (Unknown) | (Unknown) | (Unknown) |
| <u>Costs - Various Agencies - Increased food costs from "Farm to Institution Initiative" (Sections 261.325 - 261.328)</u> | (Unknown) | (Unknown) | (Unknown) |
| <u>Costs - AGR - Urban Task Force meetings (Section 262.880)</u> | (\$4,750) | \$0 | \$0 |
| <u>Costs - AGR</u> | | | |
| Meeting expense for the Missouri Animal Care Advisory Committee (Section 267.810) | (\$3,600) | \$0 | \$0 |
| <u>Transfer Out - to the Animal Care Reserve Fund (Sections 273.327 & 273.329)</u> | (\$95,000) | (\$95,000) | (\$95,000) |
| <u>Loss - Alcohol and Tobacco Control</u> | | | |
| \$0.30 excise tax per gallon of wine in Section 311.550 now directed to the Agriculture Protection Fund | (\$2,810,221) | (\$3,372,265) | (\$3,372,265) |

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2011 (10 Mo.) | FY 2012 | FY 2013 |
|--|--|--|--|
| <u>Costs - Alcohol and Tobacco Control</u> (Section 311.297 - liquor tasting) | | | |
| Personal Service (1 FTE) | (\$30,859) | (\$38,141) | (\$39,285) |
| Fringe Benefits | (\$16,182) | (\$20,001) | (\$20,601) |
| Expense and Equipment | (\$12,873) | (\$7,497) | (\$7,722) |
| Vehicle | (\$17,017) | \$0 | \$0 |
| <u>Total Costs - ATC</u> | <u>(\$76,931)</u> | <u>(\$65,639)</u> | <u>(\$67,608)</u> |
| FTE Change - ATC | 1 FTE | 1 FTE | 1 FTE |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>(\$1,459,889 to Unknown)</u> | <u>\$1,248,166 to (Unknown)</u> | <u>\$1,425,264 to (Unknown)</u> |
| Estimated Net FTE change for the General Revenue Fund | (91 FTE) | (91 FTE) | (91 FTE) |

AGRICULTURE PROTECTION FUND

| | | | |
|--|-------------|-------------|-------------|
| <u>Income</u> - Section 281.260 - new pesticide fees | \$1,379,333 | \$1,655,200 | \$1,655,200 |
| <u>Income</u> - Alcohol and Tobacco Control \$0.30 excise tax per gallon of wine in Section 311.550 now directed to the Agriculture Protection Fund (previously General Revenue) | \$2,810,221 | \$3,372,265 | \$3,372,265 |
| <u>Income</u> - various sections - Program fees to the Department of Agriculture that previous went to General Revenue | \$1,705,668 | \$2,046,802 | \$2,046,802 |

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2011 (10 Mo.) | FY 2012 | FY 2013 |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Costs - AGR</u> | | | |
| Salaries (93 FTE from GR) | (\$1,838,847) | (\$3,788,025) | (\$3,901,066) |
| Fringe Benefits | (\$1,103,308) | (\$2,272,815) | (\$2,341,000) |
| Equipment and Expense | <u>(\$512,219)</u> | <u>(\$1,024,437)</u> | <u>(\$1,024,437)</u> |
| <u>Total Costs - AGR</u> | <u>(\$3,454,374)</u> | <u>(\$7,085,277)</u> | <u>(\$7,266,503)</u> |
| ESTIMATED NET EFFECT TO THE AGRICULTURE PROTECTION FUND | <u>\$2,440,848</u> | <u>(\$11,010)</u> | <u>(\$192,236)</u> |
| Estimated Net FTE change for the Agriculture Protection Fund | 93 FTE | 93 FTE | 93 FTE |
| HORSE MEAT AND PRODUCT FUND | | | |
| <u>Income</u> - \$50 annual registration fee for horses processed and sold at wholesale (Section 265.703) | \$100,000 | \$100,000 | \$100,000 |
| <u>Costs</u> - inspection fees paid to the USDA (Section 265.709) | <u>(\$100,000)</u> | <u>(\$100,000)</u> | <u>(\$100,000)</u> |
| ESTIMATED NET EFFECT TO THE HORSE MEAT AND PRODUCT FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - State Government
 (continued)

FY 2011
 (10 Mo.)

FY 2012

FY 2013

ANIMAL HEALTH FUND

Revenue - Department of Agriculture
 License Fees (Sections 270.260 -
 270.400 - release of swine into the wild)

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT ON
 ANIMAL HEALTH FUND**

Unknown

Unknown

Unknown

ANIMAL CARE RESERVE FUND

Transfer In - Department of Agriculture
 Animal Care Fees (Section 273.327 -
 273.329)

\$95,000

\$95,000

\$95,000

**ESTIMATED NET EFFECT ON
 ANIMAL CARE RESERVE FUND**

\$95,000

\$95,000

\$95,000

**FARM TO INSTITUTION
 INITIATIVE FUND**

Transfer In - from General Revenue -
 Program and Grant Funding (Sections
 261.325 - 261.328)

Unknown

Unknown

Unknown

Costs - Program expenses for Farm to
 Institution Initiative

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON THE
 FARM TO INSTITUTION
 INITIATIVE FUND**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2011
(10 Mo.)

FY 2012

FY 2013

LOCAL POLITICAL SUBDIVISIONS

Costs - School Districts - Increased food costs from the Farm to Institution Initiative (Sections 261.325 - 261.328)

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT TO THE
LOCAL POLITICAL SUBDIVISIONS**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Small Business

Small agriculture businesses could be fiscally impact from this proposal.

FISCAL DESCRIPTION

Sections 261.325 and 261.328 - This portion of the proposed legislation establishes the Farm to Institution Initiative in the Agriculture Business Development Division within the Department of Agriculture to improve public awareness of and access to agricultural products produced or processed by small farmers and small agribusinesses, promote a sustainable Missouri food system, and strengthen the state's economy. The division may coordinate with the departments of Elementary and Secondary Education, Health and Senior Services, Corrections, Mental Health, and Economic Development to promote the economic and health benefits of the initiative. In its main provisions, the proposal:

(1) Requires the division to provide small farmers and small agribusinesses with financial and technical assistance in the branding, marketing, and distribution of locally grown agricultural products;

(2) Establishes the Farm to Institution Program, in collaboration with the departments of Elementary and Secondary Education, Health and Senior Services, Corrections, Mental Health, and Economic Development, to reduce obesity, improve nutrition and public health, and strengthen local agricultural economies by increasing access to and promoting the consumption of locally grown foods;

RS:LR:OD (12/02)

FISCAL DESCRIPTION (continued)

(3) Establishes the Farm Fresh Schools Program to link schools with locally grown food, develop nutritional awareness, healthy eating habits, and physical activity for the overall wellness of students, provide hands-on learning activities in basic life skills emphasize the purchase of locally grown foods by schools, establish specified goals regarding these purchases, identify existing resources for processing foods locally and funding sources for the expansion of local processing facilities, and allow for a percentage price preference for locally produced or processed food;

(4) Establishes the Farm to Cafeteria Program, in collaboration with the departments of Elementary and Secondary Education, Health and Senior Services, Corrections, Mental Health, and Economic Development, to build partnerships to reform state institution food procurement policies to facilitate the purchase of locally grown foods by linking local food producers and processors with institutions, emphasize the purchase of locally grown foods by institutions, establish specified goals regarding these purchases, identify existing resources for processing foods locally and funding sources for the expansion of local processing facilities, and allow for a percentage price preference for locally produced or processed food;

(5) Creates the Farm to Institution Initiative Fund consisting of moneys appropriated for the program, gifts, bequests, or donations to be used solely for the administration of the programs; and,

(6) Requires grants to be awarded from the fund to eligible participants on a competitive bid process to implement the Farm to Institution Program with the first six grants awarded based on need in counties with a significant agricultural economy.

The provisions of this part of the proposal will expire six years from the effective date.

Section 262.880 - establishes the Urban Farming Task Force consisting of 15 members including the chair of the House of Representatives Agriculture Policy Committee and the chair of the Senate Agriculture, Food Production, and Outdoor Resources Committee or their successor committees. The task force must study and make recommendations regarding the impact of urban farm cooperatives, vertical farming, and sustainable living communities in Missouri. The task force is required to hold a minimum of one meeting at three urban regions in Missouri and submit a report by December 31, 2010, to the Governor and General Assembly. The task force must continue to meet at least annually in the following two years to evaluate the implementation and impact of its recommendations and provide annual supplemental reports on its findings to the Governor and General Assembly. The provisions of the bill expire December 31, 2013.

FISCAL DESCRIPTION (continued)

Sections 265.700 - 265.754 - An annual registration fee of \$50 and an inspection fee to cover the inspection costs based on the number of horses processed must be paid to the department director. All fees collected will be deposited into the newly created Horse Meat and Product Fund to pay for the administrative costs associated with the provisions of the bill including, but not limited to, the payment of United States Department of Agriculture (USDA) inspections. No proprietor, manager, or person in charge of specified public eating establishments can sell, serve, or use for human consumption any horse meat or horse meat food product without posting in a conspicuous place a sign with specified requirements that states "Horse Meat Sold Here" or "Horse Meat Served Here," whichever is applicable.

Section 267.810 - This part of the bill establishes the Missouri Animal Care Advisory Committee within the Department of Agriculture to review and make recommendations on the welfare of poultry, livestock, and licensed dog breeding facilities in this state. The committee must review national species specific animal care guidelines once every five years.

Sections 270.260 - 270.400 - changes the laws regarding wild or feral swine. The Director of the Department of Agriculture is authorized to establish rules regarding the fencing and health standards for Russian and European wild boars or wild-caught swine held alive on private land. Any person holding these swine on private land must annually obtain a permit from the department. The capture and possession of feral hogs on public land and the transport of live Russian and European wild boars or wild-caught swine through or on public land is prohibited. The transport of live Russian and European wild boars or wild-caught swine for any purpose other than to slaughter requires a permit from the department unless he or she is issued an exemption permit by the department. Any person in violation of these provisions will be guilty of a class A misdemeanor and may be assessed an administrative penalty of up to \$1,000 per violation.

Any person who knowingly releases any swine on public or private land to live in a wild or feral state without adequate fencing will be subject to an administrative penalty of up to \$1,000 per swine released for a first offense, \$2,000 per swine released for a second offense, and \$3,000 per swine released for any subsequent offense.

The Animal Health Fund is created which will consist of all fees and administrative penalties collected by the department. Moneys appropriated from the fund must be used to administer the provisions of the bill.

FISCAL DESCRIPTION (continued)

Sections 273.327 & 273.329 - changes the laws regarding the Animal Care Facilities Act. In its main provisions, the bill:

- (1) Removes the exemption for animal shelters from the required annual licensure fee; and
- (2) Prohibits the Department of Agriculture from retaining, contracting with, or otherwise utilizing the services of the personnel of any nonprofit organization for the purpose of inspection or licensing a shelter, pound, kennel, breeder, pet shop or any animal care facility subject to the provisions of the act.

Section 281.260, 196.316, 261.200 - Under current law, the fee for registering a pesticide in Missouri is \$15 per year and there is a late charge of \$5 assessed for any pesticide not registered by January 1st. This act increases the registration fee to \$150 per year and the late charge to \$50.

This act creates the Agriculture Protection Fund. All fees collected and assessed by the Department of Agriculture which are not already credited to a program-specific purpose shall be placed into the fund. Fees related to egg licenses, the sale of wine, and pesticide registration are specifically directed to be credited to the Agriculture Protection Fund.

The Agriculture Protection Fund shall only be used for Department of Agriculture functions and responsibilities relating to the programs from which the fees are collected. Any remaining balance in the fund shall not be subject to the biennial sweep.

Sections 578.600 - 578.624 - creates the Large Carnivore Act. Except as permitted in the act, the act prohibits the owning, breeding, possession, transferring of ownership, or transporting of "large carnivores," defined as certain non-native cats of the Felidae family or any species of non-native bear held in captivity.

Persons possessing, breeding, or transporting large carnivores on or after January 1, 2012 must apply for a permit for each such large carnivore from the Department of Agriculture. The fee for the permit shall not exceed \$2,500 and the permit shall list certain information about the location, identification, and veterinary care of the large carnivore. The veterinarian identified in the permit must: insert an identification number in the animal via subcutaneous microchip, collect a DNA sample, provide a written summary of the animal's physical exam, and provide a signed health certificate as required for transport of the animal. The department may charge up to \$500 for annual renewal of the permit. Certain individuals are ineligible for a permit.

FISCAL DESCRIPTION (continued)

The act provides requirements for any person who owns, possesses, breeds or sells a large carnivore, which include making the animal's permit or federal license available for inspection, posting signage on the animal's property, criteria for the animal's humane confinement and care, and limitations on the animal's physical contact with other people. Certain veterinarians as approved by the Department of Agriculture must attest to the proper care of the large carnivore on a regular basis as determined by the department and must also be informed in the event of the animal's death.

A person may kill a large carnivore without civil liability if the person believes the carnivore is attacking or killing another person, livestock, or a mammalian pet, if the pet is being attacked outside the large carnivore's enclosure.

Any person who owns or possesses a large carnivore is liable in a civil action for the death or injury of a human or another animal and for any property damage caused by the large carnivore. If a large carnivore escapes or is released intentionally or unintentionally, the owner is required to immediately notify law enforcement and is liable for all expenses associated with the efforts to recapture the large carnivore. As a condition of being permitted to own a large carnivore, the owner is required to show proof of having liability insurance in an amount of not less than \$250,000.

Individuals who intentionally release a large carnivore shall be guilty of a Class D felony. Other violations of this act shall be a Class A misdemeanor. The penalty for violating the act may also include community service, loss of privilege to own or possess an animal, and civil forfeiture of any large carnivore.

The requirements of the act are in addition to any applicable state or federal laws and do not preclude any political subdivision from adopting more restrictive laws. Certain entities, law enforcement officials, animal control officers, and veterinarians are exempt from the permit and ID chip requirements of the act. The act does not apply to circuses or to the College of Veterinary Medicine at the University of Missouri-Columbia.

Section 311.297 allows wineries, distillers, manufacturers, wholesalers, or brewers to provide samples for customer tasting purposes at licensed retail premises that have a special permit or a by-the-drink-for-consumption-on-the-premises-where-sold retail license. The winery, distiller, manufacturer, wholesaler, or brewer cannot give money or anything of value to the retailer for the privilege or opportunity to conduct the tasting.

FISCAL DESCRIPTION (continued)

Section 311.550 makes a change where the proceeds of the excise tax on wine (\$0.30 per gallon) is credited; now to the new Agriculture Protection Fund instead of General Revenue.

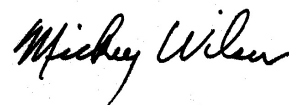
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Department of Public Safety
Department of Natural Resources
Office of Administration
Department of Elementary and Secondary Education
Department of Corrections
Department of Mental Health
Department of Economic Development
Department of Transportation
Office of the Attorney General
Office of the State Courts Administrator
Office of the Secretary of State
Department of Conservation
Department of Revenue
University of Missouri
Francis Howell High School

NOT RESPONDING:

Office of the State Treasurer
Department of Health and Senior Services
Office of the State Public Defender
Office of Prosecution Services



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Mickey Wilson, CPA
Director
April 19, 2010